

132 GUIDE TO INVESTMENT AND FINANCE

It is a frequent error to confuse the "Settlement" with the "Account" and to describe the Settlement days as Account days. The Settlements consist of appointed dates when transactions require to be settled between buyer and seller, while the Account expresses the period which intervenes between each Settlement, so that each Account begins at one Settlement and terminates with the next; and when an Account has ended bargains are then said to be entered into for the new Account. If the investor pay for the stock he has bought, or deliver the stock he has sold, directly the transaction is, arranged, and does not defer payment or delivery (the latter course, however, being almost universally the practice) until the date of the ensuing Settlement, the price is somewhat lower since (in the instance, for example, of a purchase) the buyer retains his money for the interval and obtains the benefit of its interest from the date of purchase to the Settlement, besides possessing the chance of selling meantime at a profit, which the vendor has surrendered. Thus, on February the 28th, 1908, the price of Consols for money was 87f-87f, but for the Account on April the 1st, 87|-87|, or, on a purchase, a diminution of price of 5s. per cent. The price quoted for any stock is *par excellence* the "Account" price, and any one inquiring the price of a security would receive that price in reply.

The Settlement occurs twice a month—about the middle and end; but the Settlement in Consols, and a few similar securities, is fixed for once a month. The Settlement occupies three days, on the last of which—called the Settling or Pay day (termed in the rules of the Exchange the "Account Day")—all bargains effected during the past Account or fortnight must be completed and closed by payment of the price in the one case, and the delivery of stock in the other. (*See Note A*, p. 148.)

But a person who has engaged in a speculation—who may be a member of the House or one of the public—may not then deem it advantageous or expedient to close the bargain into which he has entered; he may have purchased in the hope that the price of the stock would appreciably rise beyond the price he had

agreed to give; the anticipated increase
may not